

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF THE HARRISON COUNTY)	
RURAL ELECTRIC COOPERATIVE CORPORATION)	
TO BORROW AN ADDITIONAL SUM OF \$840,000)	
FROM THE UNITED STATES OF AMERICA AND TO)	
EXECUTE A NOTE FOR SAID AMOUNT AND TO)	CASE NO. 9346
CONCURRENTLY BORROW FROM THE NATIONAL)	
RURAL UTILITIES COOPERATIVE FINANCE COR-)	
PORATION THE SUM OF \$371,134 AND TO)	
EXECUTE ITS NOTE THEREFOR TO BE SECURED)	
BY AN EXISTING COMMON MORTGAGE HERETOFORE)	
EXECUTED)	

O R D E R

Harrison County Rural Electric Cooperative Corporation ("Harrison") filed its application on May 24, 1985, for authorization to borrow funds and to request a certificate of convenience and necessity to construct certain improvements and additions to its existing plant. These improvements and additions, as more specifically described in the application and record, are estimated to cost \$1,309,175 and will be financed by a loan of \$840,000 from the Rural Electrification Administration ("REA"), a loan of \$371,134 from the National Rural Utilities Cooperative Finance Corporation ("CFC"), and the additional amount from general funds.

The Public Service Commission, after consideration of the application and all evidence of record and being advised, is of the opinion and finds that:

1. Public convenience and necessity require the construction by Harrison of the improvements and additions to its existing plant as described in the application and record, and a certificate should be granted.

2. The proposed borrowing from CFC is for lawful objects within the corporate purposes of Harrison, is necessary and appropriate for and consistent with the proper performance by Harrison of its service to the public, and will not impair its ability to perform that service.

3. Harrison is seeking to borrow funds from the REA. On November 12, 1982, the Franklin Circuit Court issued its opinion in West Kentucky RECC v. Energy Regulatory Commission. Therein, the Court held that the Commission had no authority to approve or disapprove borrowings from the REA since the REA is an agency of the federal government and KRS 278.300(10) exempts such borrowing from Commission regulation. Accordingly, the Commission takes no action on the REA portion of Harrison's proposed borrowing.

IT IS THEREFORE ORDERED that Harrison be and it hereby is granted a certificate of convenience and necessity to proceed with the construction as set forth in the application and record.

IT IS FURTHER ORDERED that Harrison be and it hereby is authorized to borrow \$371,134 from CFC for a 35-year period at an initial interest rate of 11 1/4 percent per annum for a period of 7 years and the rate to be subject to change thereafter.

IT IS FURTHER ORDERED that Harrison be and it hereby is authorized to execute its notes as security for the loan herein authorized.

IT IS FURTHER ORDERED that the proceeds from the proposed borrowing shall be used only for the lawful purposes set out in the application and record.

Nothing herein contained shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 22nd day of July, 1985.

PUBLIC SERVICE COMMISSION

Richard D. Herman
Chairman

Paul H. [illegible]
Vice Chairman

Ben Shull
Commissioner

ATTEST:

Secretary